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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 20

JULY 1976

Number 12

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - JULY 1976

The Chattanooga Order minimum uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$10.42 and Excess Milk - \$8.73. The producer butterfat differential is 12.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of \$1.30 and \$1.33 respectively above July 1975.

In July 1976, 81.17% of the producer milk received by pool plants was priced in Class I at \$10.45 per cwt. and 6.56% was priced in Class II at \$8.81 per cwt. and 12.27% was priced in Class III at \$8.71 per cwt. The July 1976 butterfat differential for all milk testing above or below 3.5% is 12.2 cents.

Total producer milk received during July 1976 was 29,309,655 pounds which is a decrease of 1,098,277 pounds or 3.6% compared with July 1975. Deliveries of producer Base milk exceeded producer milk in Class I by 930,326 pounds or percentagewise only 96.24% of Base milk was used in Class I. The July 1976 daily average deliveries from 510 producers was 1,854 pounds. This compares to 625 farms delivering a daily average of 1,569 pounds per day during July 1975.

USDA DENIES PROPOSAL TO CHANGE MILK PRICING IN 34 FEDERAL MILK ORDERS

The U.S. Department of Agriculture (USDA) has decided against the proposed advance pricing of milk for Class II manufacturing uses under 34 federal milk marketing orders, including the Chattanooga, Tenn. Order No. 90. The proposed change was considered at a hearing in Clayton, Mo., June 2-4, 1976.

H. L. Forest, Dairy official in USDA's Agricultural Marketing Service (AMS), said the hearing evidence showed that the proposed pricing change should not be adopted because it would adversely affect manufacturing milk values, reduce producer returns, and create disorderly marketing conditions contrary to the intent of the federal marketing order law.

Earlier this year USDA's Judicial Officer ruled that findings in a 1974 decision denying advance pricing for Class II milk were inadequate, and the ruling necessitated the hearing.

Federal milk orders set minimum prices that milk dealers (handlers) must pay dairy farmers for milk, based on its use. Handlers know in advance how much they must pay farmers for milk for drinking (Class I), but they are not advised of the price of milk for manufacturing (Class II) until the fifth of the following month.

The recommendations not to adopt advance pricing appeared in the August 9 Federal Register. Comments may be filed in five copies until August 24 with the Hearing Clerk, USDA, Washington, DC 20250, where the public may review them. Copies of the recommended decision may be obtained from the market administrators of the 34 orders, or from the Dairy Division, AMS, USDA, Washington, DC 20250.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
(DAILY AVERAGE POUNDS)

	July '76 Over July '75	July 1976	June 1976	July 1975
Number of Plants - Pool		4	4	4
- Non-Pool		13	13	14
<u>RECEIPTS</u>				
Pool Plants - Producer Milk	- 3.6	945,473	992,266	980,901
- Other Source	- 20.2	48,681	43,469	61,028
- Other Federal Order	+133.3	15,100	6,946	6,472
Non-Pool Plants - Cl. I Sales in Area	+ 4.8	50,959	50,789	48,625
TOTAL MILK RECEIPTS	- 3.4	1,060,213	1,093,470	1,097,026

UTILIZATIONClass I Uses

Homogenized Milk	- 3.7	378,738	356,227	393,400
Lowfat - 2% Milk	+ 5.3	266,855	253,548	253,448
Skim and 1% Milk	+ 6.1	20,718	19,617	19,523
Buttermilk	- .6	61,149	58,750	61,548
Flavored Milk and Drink	+ 2.9	25,453	24,218	24,733
Sub-Total of Pkg. Items (Pool Plants)		752,913	712,360	752,652
Other, Shrinkage	+ 85.7	10,602	5,200	5,708
Sales to Non-Pool Plants	- 7.7	3,949	3,978	4,277
In Area Sales by Non-Pool Plants	+ 4.8	50,959	50,789	48,625
TOTAL CLASS I USAGE	+ .9	818,423	772,327	811,262

Class II Uses - Pool Plants Only

Sweet Creams - Routes	+ 7.0	2,967	2,628	2,774
Sour Cream and Dip - Routes	+ 12.5	1,970	1,853	1,751
Yogurt - Routes	+ 19.0	545	513	458
Frozen Desserts and Ice Milk Mixes	- 22.0	94,815	88,922	121,549
Other, Cottage Cheese, Inv. Var., etc.		5,419	43,839	56,652
Sales to Non-Pool Plants	+ 16.9	5,451	5,323	4,664
TOTAL CLASS II USAGE	- 40.8	111,167	143,078	187,848

Class III Uses - Pool Plants Only

Animal Feed and Dumped	- 9.5	5,293	6,124	5,850
Class III Shrinkage	+ 13.7	16,742	16,210	14,723
Inventory Variation		504	12,541	(2,175)
Other, Overage, etc.		930	92	41
Sales to Non-Pool Plants	+ 34.8	107,154	143,098	79,477
TOTAL CLASS III USAGE	+ 33.4	130,623	178,065	97,916

IN AREA PACKAGE ROUTE DISPOSITION
BY POOL PLANTS AND NON-POOL PLANTS

Homogenized Milk	- 5.0	279,210	264,856	293,944
Lowfat - 2% Milk	+ 4.7	184,457	180,276	176,110
Skim and 1% Milk	+ 11.9	15,456	13,635	13,812
Buttermilk	- 2.9	45,811	44,383	47,181
Flavored Milk and Drink	+ 4.7	18,876	18,196	18,030
Total Class I Disposition in-area	- 1.0	543,810	521,346	549,077

CLASS I PKG. ROUTE DISPOSITION

In-Area by pool plants	- 1.5	492,851	470,557	500,452
In-Area by non-pool plants	+ 4.8	50,959	50,789	48,625

COMPUTATION OF WEIGHTED AVERAGE PRICE

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JULY 1976	Class Percent	Butterfat Pounds	Product Pounds	Cwt.Price @ 3.5%	Total Value
Class I Producer Milk	81.1725	616,599	23,791,388	\$10.45	\$2,486,200.05
Class II Producer Milk	6.5590	256,955	1,922,425	8.81	169,365.64
Class III Producer Milk	12.2685	187,347	3,595,842	8.71	313,197.83
TOTAL PRODUCER MILK	100.0000	1,060,901	29,309,655		2,968,763.52
Less Handler Class I Location Adjustment					-0-
Add Value of Overages					-0-
Add Inventory Reclassification Charges			1,184,101	0.49	5,802.10
Add Value of Class I Other Source Milk and Producer Location Adjustment					-0-
Add $\frac{1}{2}$ Producer-Settlement Fund Balance					13,459.35
Total Utilization Value @ 3.5% Test			29,309,655	\$10.194678	\$2,988,024.97
Less Producer-Settlement Fund Reserve			29,309,655	.044678	
WEIGHTED AVERAGE PRICE @ 3.5% TEST			29,309,655	\$10.15	

COMPUTATION OF UNIFORM BASE AND EXCESS PRICES

JULY 1976	Product Pounds	Cwt.Price @ 3.5%	Excess Value	Total Value
Total Utilization Value 3.5% Test	29,309,655	xxx	xxx	\$2,988,024.97
Excess Milk Used in Class I	-0-	\$10.45	-0-	
Excess Milk Used in Class II	992,099	8.81	\$ 87,403.92	
Excess Milk Used in Class III	3,595,842	8.71	313,197.84	
Uniform Excess Price @ 3.5% Test	4,587,941	8.73	xxx	400,527.25
Less FMP from unregulated supply plants allocated to Class I @ Wt. Av. Price	-0-	10.15	xxx	-0-
TOTAL VALUE OF BASE MILK	24,721,714	10.466498		2,587,497.72
Less Producer-Settlement Fund Reserve	24,721,714	.046498		11,495.10
UNIFORM BASE PRICE @ 3.5% TEST	24,721,714	\$10.42		\$2,576,002.62

JULY 1976 MINIMUM PRODUCER PRICE CWT. f.o.b. CHATTANOOGA POOL PLANTS

BUTTERFAT DIFFERENTIAL 12.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS
3.0	\$9.81	\$8.12	4.0	\$11.03	\$9.34	5.0	\$12.25	\$10.56
3.05	9.871	8.181	4.05	11.091	9.401	5.05	12.311	10.621
3.1	9.932	8.242	4.1	11.152	9.462	5.1	12.372	10.682
3.15	9.993	8.303	4.15	11.213	9.523	5.15	12.433	10.743
3.2	10.054	8.364	4.2	11.274	9.584	5.2	12.494	10.804
3.25	10.115	8.425	4.25	11.335	9.645	5.25	12.555	10.865
3.3	10.176	8.486	4.3	11.396	9.706	5.3	12.616	10.926
3.35	10.237	8.547	4.35	11.457	9.767	5.35	12.677	10.987
3.4	10.298	8.608	4.4	11.518	9.828	5.4	12.738	11.048
3.45	10.359	8.669	4.45	11.579	9.889	5.45	12.799	11.109
3.5	10.42	8.73	4.5	11.64	9.95	5.5	12.86	11.17
3.55	10.481	8.791	4.55	11.701	10.011	5.55	12.921	11.231
3.6	10.542	8.852	4.6	11.762	10.072	5.6	12.982	11.292
3.65	10.603	8.913	4.65	11.823	10.133	5.65	13.043	11.353
3.7	10.664	8.974	4.7	11.884	10.194	5.7	13.104	11.414
3.75	10.725	9.035	4.75	11.945	10.255	5.75	13.165	11.475
3.8	10.786	9.096	4.8	12.006	10.316	5.8	13.226	11.536
3.85	10.847	9.157	4.85	12.067	10.377	5.85	13.287	11.597
3.9	10.908	9.218	4.9	12.128	10.438	5.9	13.348	11.658
3.95	10.969	9.279	4.95	12.189	10.499	5.95	13.409	11.719

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight			Butterfat Diff.	HANDLER CLASS PRICES 1/ Per Hundredweight		
	Uniform	Base	Excess		Class I	Class II	Class III
July '75	\$8.76 2/	\$9.12	\$7.40	8.8¢	\$9.17	\$7.45	\$7.35
Aug.	8.95	-	-	9.6	9.26	7.80	7.70
Sept.	9.40	-	-	10.1	9.50	8.37	8.27
Oct.	9.71	-	-	10.7	9.85	8.70	8.60
Nov.	10.20	-	-	11.2	10.42	8.94	8.84
Dec.	10.47	-	-	11.9	10.75	9.18	9.08
Jan. '76	10.67	-	-	9.9	10.99	9.00	8.90
Feb.	10.52	-	-	9.3	11.23	8.35	8.25
Mar.	10.45 2/	10.77	8.60	9.9	11.05	8.70	8.60
Apr.	9.93 2/	10.25	8.44	10.3	10.40	8.54	8.44
May	10.13 2/	10.51	8.30	10.3	10.75	8.40	8.30
June	9.99 2/	10.30	8.32	10.9	10.59	8.42	8.32
July	10.15 2/	10.42	8.73	12.2	10.45	8.81	8.71
Aug.	-	-	-	-	10.47	-	-
Sept.	-	-	-	-	10.86	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK					
	Chi. 92° Butter	Chi. Area Powder	Minn/Wisc. Mfg. Milk	Daily Average Pounds			Percentage Use		
	¢ Lb.	¢ Lb.	Cwt. -3.5%	Class I	Class II	Class III	Per Class		
							I	II	III
July '75	76.62	60.45	\$7.35	758,335	126,105	96,461	77.3	12.9	9.8
Aug.	83.56	61.44	7.70	774,089	122,771	68,717	80.2	12.7	7.1
Sept.	87.87	64.08	8.27	845,822	63,103	22,796	90.8	6.8	2.4
Oct.	93.04	68.29	8.60	802,424	61,598	42,129	88.6	6.8	4.6
Nov.	97.28	71.36	8.84	789,061	61,333	70,400	85.7	6.7	7.6
Dec.	103.62	71.17	9.08	781,138	56,999	106,216	82.7	6.0	11.3
Jan. '76	86.12	66.04	8.90	793,143	65,413	81,716	84.3	7.0	8.7
Feb.	80.94	64.25	8.25	776,243	73,379	174,585	75.8	7.2	17.0
Mar.	86.05	63.37	8.60	781,605	95,916	163,947	75.0	9.2	15.8
Apr.	89.52	62.90	8.44	791,241	81,999	182,017	75.0	7.8	17.2
May	89.88	62.71	8.30	769,885	89,542	178,561	74.2	8.6	17.2
June	95.02	62.69	8.32	721,538	99,618	171,110	72.7	10.0	17.3
July	105.75	62.79	8.71	767,464	62,014	115,995	81.1	6.6	12.3

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA					
	No. Hdlers	Total Receipts	Class I Use	Pool Plants	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av. Per Farm
July '75	18	1,097,026	811,262	4	625	980,901	782,023	3.64	1,569
Aug.	16	1,063,347	704,708	4	612	965,577	-	3.60	1,578
Sept.	16	1,077,503	908,919	4	540	931,721	-	3.66	1,725
Oct.	16	1,046,372	867,764	4	505	906,151	-	3.81	1,794
Nov.	15	1,035,802	845,453	4	501	920,794	-	3.87	1,838
Dec.	15	1,042,931	840,671	4	507	944,353	-	3.97	1,863
Jan. '76	15	1,065,845	872,481	4	509	940,272	-	4.03	1,847
Feb.	15	1,137,045	836,640	4	538	1,024,207	-	3.93	1,904
Mar.	15	1,150,288	844,441	4	506	1,041,468	892,803	3.82	2,058
Apr.	15	1,163,690	850,642	4	504	1,055,257	869,474	3.72	2,094
May	17	1,135,571	829,713	4	500	1,037,988	860,716	3.69	2,076
June	17	1,093,470	772,327	4	500	992,266	837,990	3.65	1,985
July	17	1,060,213	818,423	4	510	945,473	797,475	3.62	1,854

1/ Excludes Premium

2/ Weighted Average Price

3/ Other Source is Gross Minus Producer